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Airport Board Meeting  
Kelso City Council Chambers  
203 S. Pacific  
Thursday October 14, 2010

Those present were as follows:

**Airport Board:**

David Futcher, City of Kelso  
Ken Botero, City of Longview  
Jerry Sorrell, Cowlitz County  
Darold Dietz, Port of Longview

**Staff:**

David Sypher, Public Works Director  
Becky Hill, Department Assistant  
Brian Butterfield, Finance Director  
Denny Wise, Airport Manager  
Don Bell, Assistant Airport Director  
Denny Richards, City Manager

1. **Call to Order:** Meeting was called to order at 3:02 pm by Chairperson Ken Botero.
2. **Approval of Minutes:** September 9, 2010 – Motion made by Board Member Futcher, motion second by Board Member Dietz, motion passed.
3. **Acknowledgment of Vouchers-** Motion made by Board Member Futcher, motion second by Board Member Dietz, motion passed.

Chairman Botero spoke about an addition to the agenda – Board Member Raiter has some comments and recommendations. Mr. Raiter spoke about the county commissioners having written a letter to the city advising them of the decision to appoint Jerry Sorrell to the Airport Board. The commissioners feel that a monthly briefing from Jerry would keep them much more informed than they currently are now with the knowledge that Mr. Raiter has. Commissioners are still fully committed to all the work going on with the Master Plan.

The board welcomed Jerry Sorrell to the Airport Board.

City Manager Denny Richards advised the board that the governance is completed and will go out on October 15, 2010 in the morning to Ken Stone, Ken O'Halloran and David Campbell. It is the final draft and when they approve it, it will then go to the council and commissioners.

4. **Public Comments –Dwight Irby-6114 Willow Grove Road, President of EAA (Experimental Aircraft Association), member of TAC committee for the Master Plan.** About a year ago I bought up that we shouldn't take a hangar increase on "A" row because he thought there would be vacancies and it appears a year has gone by and there are 3 vacancies and he believes they have been vacant most of the year. He has pretty good knowledge that if we don't lower the raise that was done

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back to where it was that there could be possibly 3 more by February and that would give us 6 vacancies. So if Brian could add up what we have lost already, we would have made more money just leaving the rent the way it was. I believe this board agreed to lower the rent and it went to city council and we had no one there to speak up for us except for staff, so the council denied keeping the rent rate down. So I would like to suggest that this board ask the City Council to reconsider lowering the rental rates or we will have more vacancies. Dwight gave examples of the rates in Palm Springs/Bermuda Dunes, California area, where he just bought a place. For \$350 you can get a hangar equal to "A" hangars with slide by doors (like we have at the airport) in a pretty exclusive area and in San Diego you can rent a hangar for \$380 with electric bi-fold doors. So things are not really going up and we are not in an area where we have this exclusive stuff where we can charge this kind of rents. It would be nice if we could. He would like to see money going to the airport and he would be willing to pay his taxes and his fair share, but he believes we just over did it and he would like to have the board to consider the comment that we gave the city council before to go back to the rate before the first of the year.

Board Member Dietz: asked Dwight what it went up to? Dwight said he wasn't sure either \$75 or \$80 and suggested that maybe Brian would know. Brian stated he did not know.

Chairman Botero: Asked if Denny Wise remembered? Denny Wise gave some points on the lengthy discussions about a year ago. It was Denny's recommendation to the board from what he was sensing and seeing at the airport that we should not institute an increase. There was a program of 3 years of increases to get Alpha row up to \$.21 per sq. ft. That made sense 3 or 4 years ago when the economy was good and we had a waiting list of 40 people. As the economy changed and the waiting list evaporated, he came to the board told them we are going to lose people for the primary reason we have privately developed hangars at the airport that are equivalent in terms of door size which is the advantage of the Alpha row, which is going for a \$100 less and we were going to have competition now. So now we have another factor baked in the cake that is different when the decision was made 3 years ago to go through this 3 year schedule. The board ended up voting and agreeing and then it went to council and he believes council chose not to take that recommendation. After his discussion with then Board Member Mr. Malella after the meeting about the discussion during that meeting, he mentioned that their thought process was "well we made this decision, let's stick with it, but let's see how it goes and review it later and see if it still makes sense". So that is what Mr. Malella told me was the intention of the council. So now a year later, that goes along with what the council wishes and to hear what the board thinks and to see whether it still makes sense or not. Currently the new hangars are renting for \$285, Alpha row are \$370 and used to be before the increase at \$307.

Chairman Botero: Asked Denny Wise if it would increase business by dropping the rates back down to what they were. Denny stated he wasn't sure because of the economy, we have empty other hangars out there and the competition of brand new hangars at \$285, but he could almost guarantee at \$370, unless someone with a unique airplane that needs those particular hangars comes around, they are not rentable but maybe we can limit the damage by retaining tenants.

Board Member Futcher: Asked about additional square footage of "A" hangars. Denny stated there is, but in his opinion that most of the tenants in that row except for Dwight Irby's twin, nobody needs a 45' versus a 42', so the extra footage is not utilized for anything else in any case he knows of. The issues with B & C rows is those are barely 39' so a pilot with a single engine plane is a little nervous pulling into B/C row so he doesn't mind paying a little more to be in a bigger hangar. That is what most of the planes in "A" row are. They were built for twin engine and we only have two twins, so they were willing to pay a little more for the extra space so they wouldn't bend wing tips. Now you have 42' door openings and they have the same luxury because a 182 single is about 37-38 foot wing span.

Board Member Dietz: Asked about the difference between B/C rows and what the developers rate on hangars was. Denny said they were approximately \$250 and are the older ones which have wood frames and no full partitions between you and your neighbor once you get to a certain height, whereas the new hangars are all metal inside and all partitioned. Denny gave a price of \$285 for the developer's hangars.

Chairman Dietz: Commented that originally he was one of the first ones to vote to incrementally bring these rates up, but then he also voted against the rate increase that we would maintain more tenants if we had left it the way it was and he still feels that way.

Board Member Futcher: My recollection when it came to council was that it was something less than a full endorsement of that approach from this board, that at best it was 2 to 1 or maybe 1-1 and there were not enough people there to do it. It was not 3-0 or 4-0 to keep the rates where they were. (someone from the audience gave a 2-1).

David Sypher: Gave a couple of thoughts to the Chairman and the Board -If you decide that you would like to lower the rates you might consider the fact that the "A" Row offers at least 1/3 more square feet over the competition. The hangar developer has been offering his 13 vacant hangars at a reduced rate for at least 6 to 8 months. There isn't anything in the current city contract preventing anyone from moving. So if you are going to try to do this on the basis of price to keep people and if you believe the analysis that the extra square footage isn't of any advantage to anyone, and if you want to encourage stability then you probably should lower the "A" rate to below the \$285 rate because it is an older hangar. But if you believe that the extra square footage is an advantage to people and for some reason they have stayed there for the last 8 months, then you should take that into consideration as well.

Denny Wise: Stated he knows of one case where one guy is not just going to move he is probably going to sell his airplane, and so again, I have 2 or 3 people a week stop by a week and ask about hangars and I describe all of the city hangars to them and I get to that rate and they tell me to "forget it, I can go to Pearson or wherever". He is just giving the board feedback that he is getting and he feels that at the current rate it is going to be very difficult to rent those hangars out.

Board Member Dietz: Comments that in these times, I hear the business owners say that what matters is custom service and how they treat their customers or clients and that we owe that to these people who have stuck with us all this time, that they have

paid more because they did not want to leave the airport. We owe it to them to show them that they mean more to us than just dollars signs, that we care about them, that they hold onto their planes and I know that it is a hobby for most people and hobbies in these tough times are the things that go away. I am not sure what that rate should be, but I would be in favor of lowering that rate.

George Raiter, County Commissioner & former Board Member: I am actually surprised here with a 2-1 because I did recall Council Member Malella choosing to abstain so he could be in neutral going into the council. I was surprised we had a no vote. Council has already said they would reconsider if things changed, so you don't necessarily need the vote, but you might want to see if the views of this group are more consistent than it was back then at 2-1. Obviously the staff can carry forth your interest so the council can reconsider if they chose too.

Dwight Irby: - I just wanted to bring up the TAC Committee Planner suggested in the TAC report that the city not raise the rent at this time either. Just so you know and it is in the TAC Report.

Also just a few more comments on the hangars and I have been talking about gutters on "A" Row for some time now, it doesn't have gutters. Not only do you get wet, but it's a real hazard and I haven't brought this up, but last year when it froze so bad and the water came off the roof, had an inch of ice all over in front of hangars because of no gutters and try and go out there an open a hangar door that is stuck standing on ice, it doesn't work. The new hangars have gutters and they work pretty nice. I just think it is a trade off - theirs are newer and ours are bigger. So I don't think we will gain a lot.

Board Member Sorrell: I am thinking back on the prior time and I have to separate myself as I am a tenant of "B" Row. I will only talk about "A" Row. In the "A" Row, I was concerned that the rate increase would potentially push tenants out particularly when Jeff Powell has his rates approaching \$100 a month less per month. I would foresee that if "A" hangars were reduced, Mr. Powell will not be real happy with that because it could potentially take away some of his customers that are considering leaving "A" Row to go to the new ones. That is what his opinion would be I suppose. I am in favor of seeing that rate reduced particularly to hold the tenants that might be on the edge of departing and wouldn't be that hard to work an equation comparison between reduced rent with more paying that a retained increased rent with fewer paying, somewhere that trades off.

Board Member Dietz: I agree with Jerry, but I was just thinking of the most expensive one-"A" rate and that it would be unfair to the rest of the people if we just lowered one rate and did not do all of them.

Board Member Sorrell: Not necessarily, the "A" Row had a substantial increase and the others did not. There is a different equation worked out for that one.

Board Member Fletcher: He would rather have a proposal in front of us that we are talking about rather than speaking theoretically. Someone needs to make a motion.

Chairman Botero/ Board Member Futcher: We are very fortunate that you are part of this board and you are also the Mayor of Kelso, what do you need? We need to bring a recommendation from this board to revisit the rate structure for these hangars. Board member Futcher suggested something a little more concrete, a number that the board has thought about and have input about, that might be the right figure for that. If you say revisit, you are going to have 7 of us who are not familiar with the situation trying to come up with...**Chairman Botero** broke in and commented with revisiting I would imagine that Denny would have all these figures for pricing that we previously went through and what we need to reduce it down to. It is just not opening the door and saying here it is. **Board Member Futcher** told the Chairman that would be his preference. **Chairman Botero** said to revisit would mean to bring everything back, to lay it all out again.

Denny Wise: For a hard suggestion that would be his proposal is to recommend to council that the rate increase that was instituted the first of January, be reversed back to the 2009 rate, which again I think Brian can give you that number, but it is approximately \$305 or something like that and to me that is consistent with council, council can consider this, ok they considered it, we don't agree with it, year later we took a look at things, would you please consider the same proposal again but now reversing the increase.

Chairman Botero: That is why I say to revisit this, we could have Denny and Brian get together and put all the facts and figures together and lay it on the table, why it worked then and it's not working now and what it would be looking like for tomorrow. I guess my comment about revisiting did not mean just throw it back out on the table. **Board Member Futcher: OK Good...Thank you.** So, if we could have Brian and Denny put together a program, come back and present it to the council-asked if that would work?

Board Member Dietz/Board Member Futcher: The only trouble I have with that is it would be another month and that somebody who is on the edge of moving or selling their airplane, it just took another month away from them so I am back to trying to treat them right and to do what's right. When times were good and can remember worrying about competing with the developer, that we should keep our rates a little higher because the developer was trying to fill his, but now the worry is whether we are going to keep our hangars full and of course they aren't full and that it's going to get worse. I just think another month ...

Chairman Botero: Until we get things straightened out, the other way around, we are an advisory board, all we can do is advise, it is Kelso City Council...no matter what we decide here, it is still Kelso City Council, so it is still going to take a month.

Board Member Dietz: All I was trying to say was if we could hammer out something about what we were thinking here, then at the next council meeting then at least they know what we are thinking rather than by the time it gets back to us, after their meeting then it is a whole month and then by the time we decide..government moves slow enough as it is.

**Comments from audience in audible.**

David Sypher: As order of magnitude, just more information for you. The developer has approximately 13 empty hangars in comparison to our 3 right now in the "A" Row, so that is something that we when you are trying to figure out your equations and what you are trying to do, you really need to consider that.

Brian Butterfield: This is probably a good time to bring this up. We are beginning to run into another problem of people not paying their rent and on one occasion possibly two with people who have left the hangars owing a balance. As of 10/1, these guys may have come in and paid since then, but we have one guy who is 4 months in arrears, one guy who is 3 months in arrears and another guy that paid his bill but bounced the check. Nobody can get a hold of him and what not, so before we get other people moving out while they owe us, you might want to do something to make it so they can't move out until they pay us.

Board Member Dietz: Feels that we need to do something to help these people out or there is going to be more of these and I know that anytime you are renting out anything like apartments or whatever, move-outs are always a problem. But I would guess anyone who has numerous rentals and had them through these tough times and if they kept their rates down or reasonable rather than thinking they are going to get the very top amount possible, those are the ones that move out in the middle of the night and then they stay vacant for 2 or 3 months. I think we are way behind.

Dwight Irby: commented from the audience about how a guy messed up on his checking account and Finance would not take his check. He feels the city needs to redo their policy about accepting checks.

Chairman Botero: We are getting into city policies and finance and we are talking about the airport and what we can do for the airport. He asked Dwight what he would like to see presented to the city council.

Board Member Dietz: First I thought taking the rate back down to where it was, but Denny said he thought maybe it would appease them if we just dropped that rate down again. If taking that rate all the way down, then Jerry said he thought that the people in the B & C Rows would not be offended if that one was lowered, and we were not just placating "A" Row but to keep everybody in.

Board Member Sorrell: Ask if it wasn't "A" Row that is seeing the most vacancies?

David Sypher: Actually it is the developer who is seeing the greatest vacancies. They have 13 and they are at \$285 with 42' doors.

Board Member Fletcher: Asked if the developer has ever been full or just never filled up?

David Sypher: He did in fact lose one tenant but he has never filled them. He said he is not making money at \$285. He is trying to offset his cash flow issues by going down \$285 and at \$.21 in our survey, we did not cream or go to the top level to try to maximize profit. Remember at \$.21 we were hitting average rates for square footages. Again now, there are 13 vacancies at \$285.



Chairman Botero: I have a question to ask...are we in competition with the developer that has the contract or are we in competition to make our citizens and our airport something special?

David Sypher: We brought them in because we had a 40 person waiting list and it was our decision as an airport board that we wanted to develop per our ALP (Master Plan) that we would have 40 new hangars and the corporate hangars.

Chairman Botero: But we don't have an agreement with him that we would stay above his rates. We can't do that!

Brian Butterfield: When they brought the new ones on they were supposed to close the old Sullivan Hangars, so I don't know if there was going to be a net gain.

David Sypher: Well actually that is the other piece and that is with the next major project, we have to eliminate the ones that violate the Part 77 Airspace which is all of the Sullivan Hangars, but there are other hangars as well.

Chairman Botero: My concern is, I guess my question -- is something going through my mind that I can't get straight -- are we in competition -- are we keeping our rates above the developer that has built these new hangars so that he can be successful and at the same time we are losing because we are trying to please him?

David Sypher: We had distributed that contract to you and to everyone on the board, I don't have one in front of me ... (and Chairman Botero broke in and the two together were inaudible.)

Chairman Botero: Said he did not recall in the contract where we were going to step down.

David Sypher: I can't recall and you can't recall so we will have to look it up.

Board Member Dietz: As I recall in my own mind, we felt that we wanted to not necessarily compete with him and just keep ours where they were. Of course there was a whole different economic time, that was several years ago and we all have lost 401 K's since then. I just don't think we are talking about the same thing.

Chairman Botero: The guy has a private business competing with the city.

Board Member Dietz: True and I think we were trying to take care of him back then but now I think we need to take care of ourselves.

Don Bell: I was really interested to hear Denny's proposal and I think we are recognizing the fact that there really is a floor we can lower it to and that is in respect to at least a verbal agreement with the contractor that built these new hangars and that is where we were, we didn't have a promise with him that we would raise the rates so we could come back to that without conflicting with him and we do need to come back down to retain them and/or get new people in there that are just looking for a place to park their airplanes instead of in Portland and I really think Denny's suggestion of approximately \$305 is probably the floor and maybe we should ask the

council to consider going there, which is essentially the argument that Denny said we don't think you should raise it but, they said we'll raise it and look at it, so now we've looked at it and we think it should go back.

Board Member Futcher: What about \$50.00 off the rate?

Board member Dietz: I think we ought to go back down myself. I know it is a tough thing but it just doesn't make sense if we were to lose 2 or 3 more than what David is saying.

Denny Wise: I really don't know the result of \$50 versus \$70 versus \$65 or whatever. I think my brain thinks in terms of the process. The process was over 3 years, we were going to raise them to \$.21 a square foot, made a lot of sense when we made that decision, different economic times, the economy changed, Hey! Let's not do this last year rate increase. To me that is a clean cut kill and you go, OK we're going back, we are halting whatever that figure was. And again that could be in the staff report to the council that this body recommends reversing this year's increase. Those numbers are easily worked out. I, just from memory, think it is approximately \$305 but I am not sure. To me that makes more of a statement to a tenant than \$50 or whatever, it's like ok, we recognize everybody has hard times and we're reversing what we did to you last year.

Dwight Irby: I know the contractor David said is at 13 vacancies, and we are where we are and if he (contractor) doesn't rent them at \$285, I know for a fact they will be less than \$285. There is not a doubt in my mind that if in fact I wanted to pay cash and buy it up front it would be less than \$285.

Chairman Botero: What would be the pleasure of the Advisory Board?

Board Member Dietz: Make a motion that we move "A" Row rates back down to \$305 or whatever the rate was prior to the last increase. I would also add that it take effect immediately after Kelso City Council approval.

Board Member Sorrell: Second the motion, if that is the rate.

Chairman Botero: So it has been moved and seconded that we recommend to the Kelso City Council to drop the rates for "A" Row hangars back down to the rate that they had been in 2009. All those in favor - 4 Motion passed.

Board Member Sorrell: Mr. Chairman, I know we had the discussion but the matter was as I understood it, the council would give reconsideration after reviewing what the increase did. Essentially, we are saying let's reconsider the fact of not making the increase that was done and just reverting back. It is in keeping with discussion as I understand with Council when the increase was made.

Chairman Botero: Well that is part of the revisiting information.

Board Member Dietz: Just want to ask Jerry about "B & C" Row. Now you had said that they never did take the raise but how will you feel beings in that row, do you feel



slighted or the rest of them or do you think they will all hold even though their rates are not lowered.

Board Member Sorrell: Personally I separate the B & C Row rates from the "A" rates. I don't have a problem seeing it remain what it is. I cannot act on this as I am a tenant there.

George Raiter: I wanted to comment on the draft by the sub committee. We appointed Ken Stone he was not able to make the first meeting because of his schedule, so I filled in for him. Then we kind of missed some dates so he was unable to make a few of the other meetings. But he was able to make the last meeting and catch up quickly after he started working on the draft. Ken Stone reviewed all of his recommendations with me and we reviewed it with fellow commissioners.

Don Bell and Dwight Irby discussed the need for an overlay surface on the runway. It is noted that it is in the Master Plan. It was suggested by Mr. Bell that when we address the FAA about the overlay we should throw out a 3 inch overlay.

5. **FBO Written Report-** Not much new with the fall weather coming in probably won't be any better than the summer.

Still wanting to find a solution to starting negotiations as soon as possible with whatever entity on lease because decisions have to be made fairly soon. Chairman Botero thought Denny was going to talk about a contract with the city that would be state in the contract if changes with the governance a new contract would be issued. Denny advised he talked about that at the last meeting and he further stated that he is not getting any feed-back, so I will talk to anybody I guess is what I am saying now. In my opinion, it is kind of a moot point whether the governance changes or not. Let's say I negotiate with the city right now, it has to go through the board for recommendation process, to the council anyways and I think the only option on the table that is being considered in the governance is for this board becoming an autonomous board and having total control, so if this board has already approved it, then we haven't skipped that process.

Mr. Richards's initial response to the letter I wrote to this board was we have this governance thing up in the air, let's wait until we get that figured out. OK! Sounds good, but now as time passes on, I am starting to get pushed up against the other side and I am not going to be successful in negotiating a lease. I need to start taking action.

Board Member Dietz: Ask if could make a suggestion to the board – Knowing that Denny has some business decisions to make that he could go ahead and get whatever he could done with whatever he needs to w the City of Kelso, then at least this board even if it changes over to be autonomous, that at least, we could stick with that for at least a year perhaps, and that we would not touch it for that length of time. Denny stated that would not meet his needs.

Board Member Fletcher: I was going to say that would not meet his needs. If he wants to negotiate at least a 5 year or 10 year agreement then he would want to know that.

Don Bell: Mr. Chairman, I would think a subcommittee of your group would start meeting with Denny and work out a proposed contract.

Chairman Botero: Well that is one thing we just asked I guess, between conversation and everybody jumping in and talking all at the same time, Mayor Futch and I were just discussing that that would be a topic for him to start working on and checking into.

Board Member Futch: I think that is a STAFF role more than an elected role.

David Sypher: Mr. Chairman – I would suggest that if Denny has some urgency and concerns that he go and talk to Denny Richards because he is the one charged at this time to negotiate that contract and really this board doesn't have any authority right now in that matter and even the mayor, the way our government is structured wouldn't. So he needs to be addressing Denny Richards and they can work out a time that they can get together.

6. **Airport Manager Report** – Geese are coming back and flocking to the area. Coyotes still are spotted at times. Still working on the issue with the trees blocking the PAPI lights down on the end of the runway. David stated letter of compliance have been sent to Burlington Northern. We have also applied for a long term lease and it has been approved at the local level waiting for the main decision to come through. So until we have the legal right to go on their land or they respond to our letters, it is just a waiting game.

Thanks to Don Bell for getting the weeds taken care of.

Windows are finally in and hope to see a decrease in the electric bill this winter. Major work has been done by city staff in the areas of the development of possible wetlands. Hay is being spread today and hopefully it will work to retain the runoff this winter.

7. **Public Works Director Report** – David has asked our mower employee to mow the flat area across from PAPE Machinery on Talley Way and that has been accomplished. Master Plan is on the website as well as the SEPA Report. SEPA report is Appendix "E".

David Sypher: I have one clarification – The board recommended that Denny get together with Brian and make a presentation to the council. That is outside the scope of Denny's contract, the staff representative (who would be David) would take that to council. Is there a reason you would not like me to take it to council, or is Denny volunteering to do that? (comments from the audience were inaudible). If that is what was said, that is out of the norm.

Chairman Botero: In the first place, I would like to make a comment. When we made that motion, we did a specific motion to bring it back to the council. My remarks were to have Denny and Brian work together because everything we discussed, everyone went to Brian with a question. Brian was not part of the motion. So whoever works on it to bring it back, that is up to you guys, it is not up to us (Board). So if you want to take Brian's place that is perfectly fine, whoever works on it with Denny to make it happen. We did not specify names in our motion to bring this back to the council. (comments from audience inaudible).

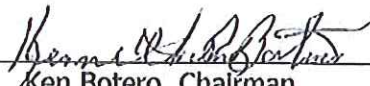
David Sypher: We will work on it and make sure that Denny is aware so he can be there if he would like to be there.

Chairman Botero: That would be great.

Discussed the meeting date for November 11, 2010. Original date is a holiday so it was decided the meeting will be moved to the next Thursday, November 18, 2010 at 3:00 PM at the City Council Chambers

Meeting Adjourned at 4:10 pm.

  
Becky Hill, Recording Secretary

  
Ken Botero, Chairman